

**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)

(916) 445-4982

October 29, 1982

TO COUNTY ASSESSORS:

**ESCAPE ASSESSMENTS: CORRECTION  
TO LETTER NUMBER 80/113**

In the above captioned letter, we took the position that post-1975 base year values could only be revised within four years after the base year value was first placed on the roll. While statutory provisions were rather clear on escape assessments, there was lack of clarity concerning prospective correction of base year values. Nevertheless, we thought the latter type correction should be subject to the same four year limitation and that legislation would be needed to extend the period.

A bill concerning prospective corrections was prepared but, for lack of consensus as to an appropriate time limitation, never became law. In view of our inability to obtain a clarifying statute, we cannot authoritatively state that limitations applicable to escape assessments also apply to prospective corrections. We therefore defer to those county counsels who have pointed out that lacking a specific statute on the point we should be guided by Article XIII, Section 1, of the California Constitution which mandates taxation of all property not specifically exempted and recommend that escape assessments and prospective changes to base year values be handled as follows:

Example # 1

In January of 1983 it is discovered that a barn constructed in July of 1976 has never been assessed. The rest of the property, land and improvements, has a base year of 1975. However, since the barn was newly constructed in July of 1976, it should have been appraised as of the date construction was completed and assessed for the 1978-79 assessment year. In this situation, the barn should be valued as of July 1976 and that value factored forward (by the inflation factor not to exceed two percent per year) for the 1983-84 assessment roll, and escapes should be levied for the four preceding years using the appropriately factored value for each of those years.

Example # 2

A property was underassessed in 1980 because of an unrecorded change in ownership. In February 1990 the change in ownership is discovered. The property should be reappraised at a 1980 base year value, and that

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Second District, San Diego

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Fourth District, Pasadena

KENNETH CORY

Controller, Sacramento

DOUGLAS D. BELL

Executive Secretary

No. 82/124

TO COUNTY ASSESSORS

-2-

October 29, 1982

value should be factored to 1990. The factored value would be enrolled for the 1990-91 assessment roll. In this case, escape assessments should be levied for the preceding eight years using the appropriately factored value for each of those years.

If you have any questions please contact our Technical Services Section at (916) 445-4982.

Sincerely,

A handwritten signature in black ink, appearing to read "Verne Walton", written in a cursive style.

Verne Walton, Chief  
Assessment Standards Division



STATE BOARD OF EQUALIZATION

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Executive Secretary  
No. 80/113

July 22, 1980

TO COUNTY ASSESSORS:

CHANGING BASE YEAR VALUES

We have recently received several inquiries concerning the assessor's prerogative to change a base year value once it has been established. Section 110.1(a) of Part 0.5 of Division 1 of the Revenue and Taxation Code sets June 30, 1980 <sup>1/</sup> as the deadline for establishing 1975 base year values for those properties eligible for such values that were not actually appraised for 1975 as part of the normal appraisal cycle (Section 405.6). After that date, 1975 base year values may not be changed unless a portion of the property is removed. Subsequent declines in value must be reflected on the assessment roll; however, this does not change the base year value.

There is no such statutory limitation regarding base year values for years other than 1975. Section 460(b)(2)(A)(2) of Title 18 of the California Administrative Code defines full cash value for properties with other than 1975 base years as:

"2. The 'full cash value' as defined in Section 110 of the Revenue and Taxation Code as of the date such real property is purchased, is newly constructed, or changes ownership after the 1975 lien date; the full cash value of which shall be enrolled on the lien date next succeeding the date when such property, or portion thereof, is purchased, is newly constructed, or changes ownership."

Rule 460(b)(2)(B) in addressing the reappraisal of property that has not been appraised to its appropriate base year value states:

"Such reappraisals may be made at any time, notwithstanding the provisions of Section 405.6 of the Revenue and Taxation Code, but 1975-76 base year values must be determined prior to July 1, 1980."

<sup>1/</sup> The Los Angeles County Assessor has until June 30, 1981 to determine such values.

July 22, 1980

Although there is no statute specifically limiting changes in previously established post-1975 base year values, Section 80(a)(3) of the Revenue and Taxation Code states that, for appeals purposes, base year values determined under Section 110.1(a)(2) (Post-1975) "...shall be conclusively presumed to be the base year value unless an application for equalization is filed during the regular equalization period for the year in which the assessment is placed upon the assessment roll or any of the three succeeding years." In addition, Section 532 of the Revenue and Taxation Code imposes a four-year limitation on the enrollment of escape assessments.

Taking these statutes and the principle applied to 1975 base year values into consideration, but placing the most weight on the escape provisions, it is our opinion that the assessor can revise a post-1975 base year value anytime within four years after the base value was first placed upon the roll. In other words, base year values first enrolled in 1978 (base years 1976, 1977, or 1978) can be changed until June 30, 1982, and base year values for years subsequent to 1978 can be changed until June 30 of the fourth year following the appropriate lien date. While it is true that this position could lead, in rare instances, to the permanent escape of some taxable value, the Board staff feels that clarifying legislation is needed before the time period could be extended.

The assessor should change a post-1975 base year value whenever, within the specified time period, he determined that his original estimate of market value is erroneous, but he must be careful to use only data that is appropriate for base date valuation. Any change in base year value would initiate a new assessment appeals period as authorized under Revenue and Taxation Code Section 80(a)(3).

If you have any questions, please contact John McCoy of our Technical Assistance Section, (916) 445-4982.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:sk